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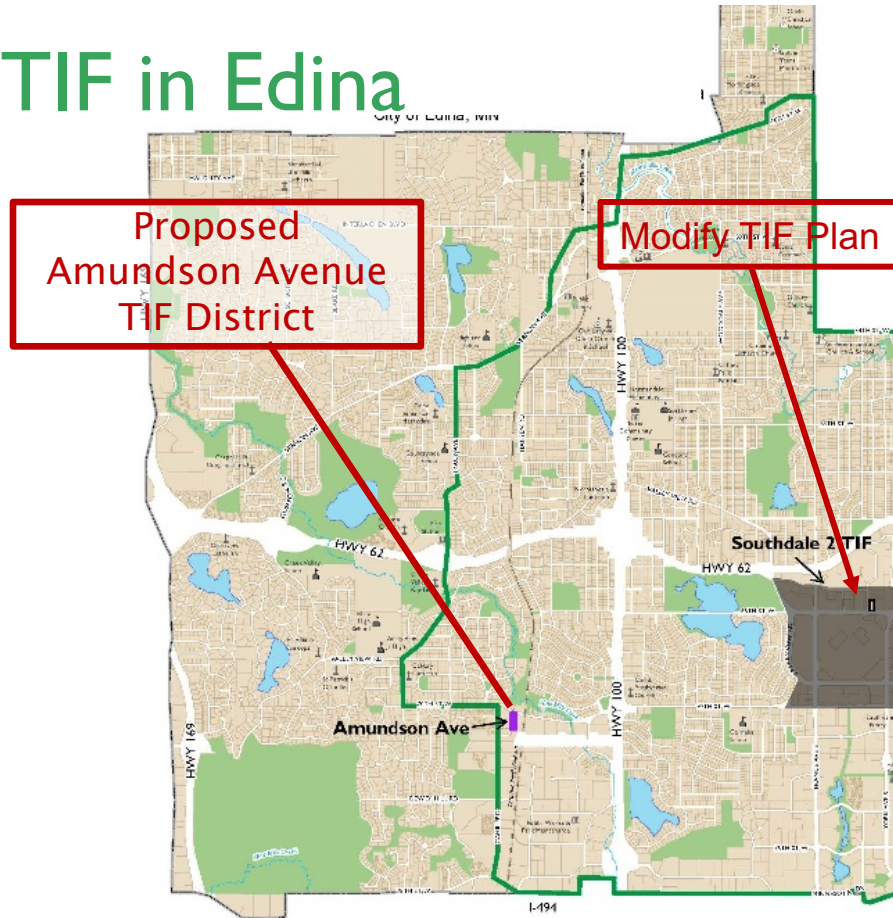
Proposed Amundson Avenue Tax Increment Financing District and Modification to Southdale 2 TIF Plan

City Council Public Hearing
December 17, 2019

TIF in Edina



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Edina has 8 active TIF Districts:

- Southdale 2 (2021)
- Pentagon Park (2043)
- 66 West (2044)
- Grandview 2 (2045)
- 50th & France 2 (2045)
- 44th & France 2 (2036)
- West 76th Street (2042)
- 72nd and France (2043)

Entity	Pay 2019 Tax Capacity	Pay 2019 Captured Tax Capacity	Percent of Total
Hennepin County	2,164,185,106	111,534,699	5.15%
City of Edina	151,279,391	5,229,452	3.46%
ISD # 273	121,270,345	2,562,551	2.11%

Table represents that 3.46% of City's gross tax base captured within existing TIF Districts. Southdale district become decertified in 2 years.

Pooling Requirements



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Special Legislation Pooling

- At least 20% of units are at or below 60% AMI. Here 100% of the new units will be affordable.
- Minimum 25-years affordability, but the owner has committed to a 40 year affordability period
- The proposed new housing does not generate adequate rental income to pay for the construction and operating expenses.
- Project is within a district established under Edina's Special Legislation can utilize additional Southdale II TIF Funds.

“Regular” Residential TIF Pooling

- At least 20% of units affordable to households at or below 50% of AMI or 40% of units affordable to households at or below 60% of AMI.
- May be used Citywide
- 15 year affordability period

In Conclusion: it is not reasonably expected that affordable housing developments will be constructed without the use of Tax Increment Financing assistance, either through the use of pooled funds or capturing the increment.

Proposed TIF Assistance



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Modifying the TIF Plan and creating a TIF District is required in order to access the Southdale 2 TIF pooled funds. Special Legislative pooled funds must be committed by December 31, 2021 or they go away.

Special Legislation				"Regular" Housing Pooling		
	Estimated Balance	Requests	Repayments		Estimated Balance	Requests
Starting Pooling Capacity	\$ 7,485,831			Starting Pooling Capacity	\$ 7,832,295	
4100 Edina		\$ (2,900,000)	\$ 500,000	7008 Sandell		\$ (350,000)
Amundson Flats		\$ (1,300,000)	\$ 600,000	66 West		\$ (275,000)
				4040 W. 70th St.		\$ (3,800,000)
Future Funding Capacity	\$ 4,385,831			Future Funding Capacity	\$ 3,407,295	

TIF Pooled Funds Support Affordable Housing



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- 4100 W. 76th Street
- Amundson Flats
- 66 West
- 7008 Sandell
- 4040 W. 70th St.



Amundson Avenue Background



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July 2018 Edina Housing Foundation Acquired the property.

January 2019 MWF Properties entered into a Purchase Agreement with the Foundation.

July 2019 HRA approved a proposal to acquire the property using Southdale 2 TIF pooled funds to help facilitate affordability



Location



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Small Area Plan Study Area



Amundson Flats Financing (est.)



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Sources		
MN Housing First Mortgage	\$	5,441,000
Cash	\$	1,095
LIHTC Equity	\$	10,480,052
Energy Rebates	\$	15,780
Deferred Developer Fee	\$	434,133
Land Sale Write Down (TIF Pooling)	\$	700,000
TOTAL	\$	17,072,060

Uses		
Acquisition	\$	1,300,000
Demolition	\$	130,000
New Construction	\$	12,263,846
Abatement	\$	359,250
Professional Fees	\$	1,084,366
Developer Fee	\$	1,000,000
Financing Fees	\$	739,942
Reserves	\$	194,656
TOTAL	\$	17,072,060

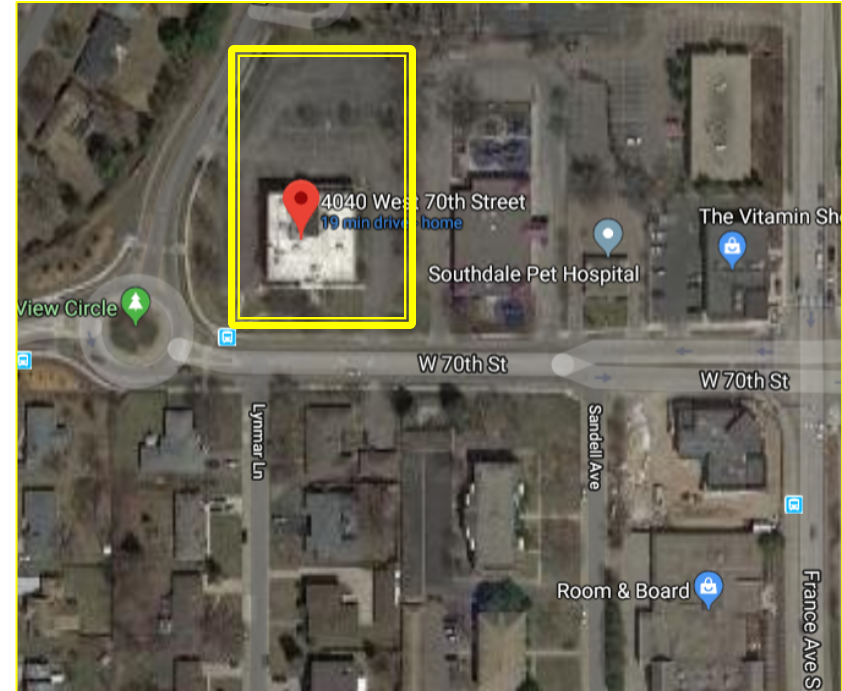
TIF Pooled funds account for 4% of the budget



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4040 W. 70th St. Background

- Edina Housing Foundation entered into a Purchase Agreement on December 3, 2019.
- EHF will seek a developer for an age-restricted, 100% affordable housing development.
- EHF is committed to having development comply with Comprehensive Plan.



Development Concepts for 4040 W. 70th



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- Age restricted housing
- 110 to 118 units with a mix of one and two bedrooms
- Adherence to proposed Comprehensive Plan
- High levels of energy efficiency
- Environmentally sustainable construction practices
- Demonstrated success in securing financing and developing similar types of projects
- Long term ownership
- Long term affordability



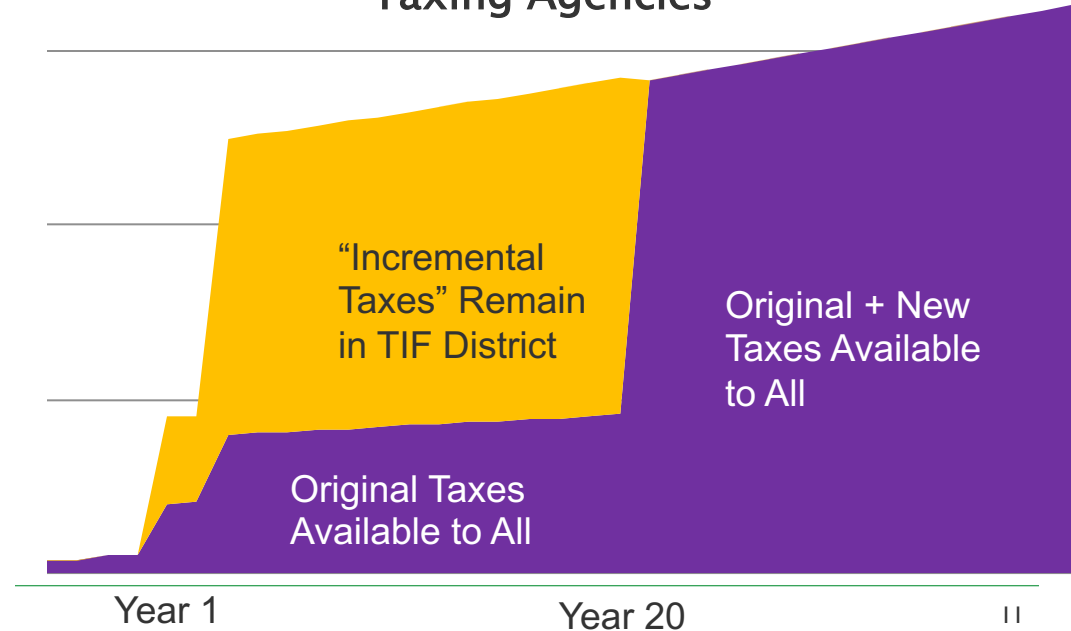
What is TIF?

- The ability to capture and utilize most of the increased local property tax revenue from new development within a defined geography.
 - Taxes derived from a school operating referendum are not captured
- Governed by Minnesota Statute
- Enabled by City Council
- “Tax Increment” Financing - uses growth in tax base to fund private investment and public infrastructure
- The HRA has the option to decertify a district earlier than 20-years.



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Availability of Property Taxes to Taxing Agencies

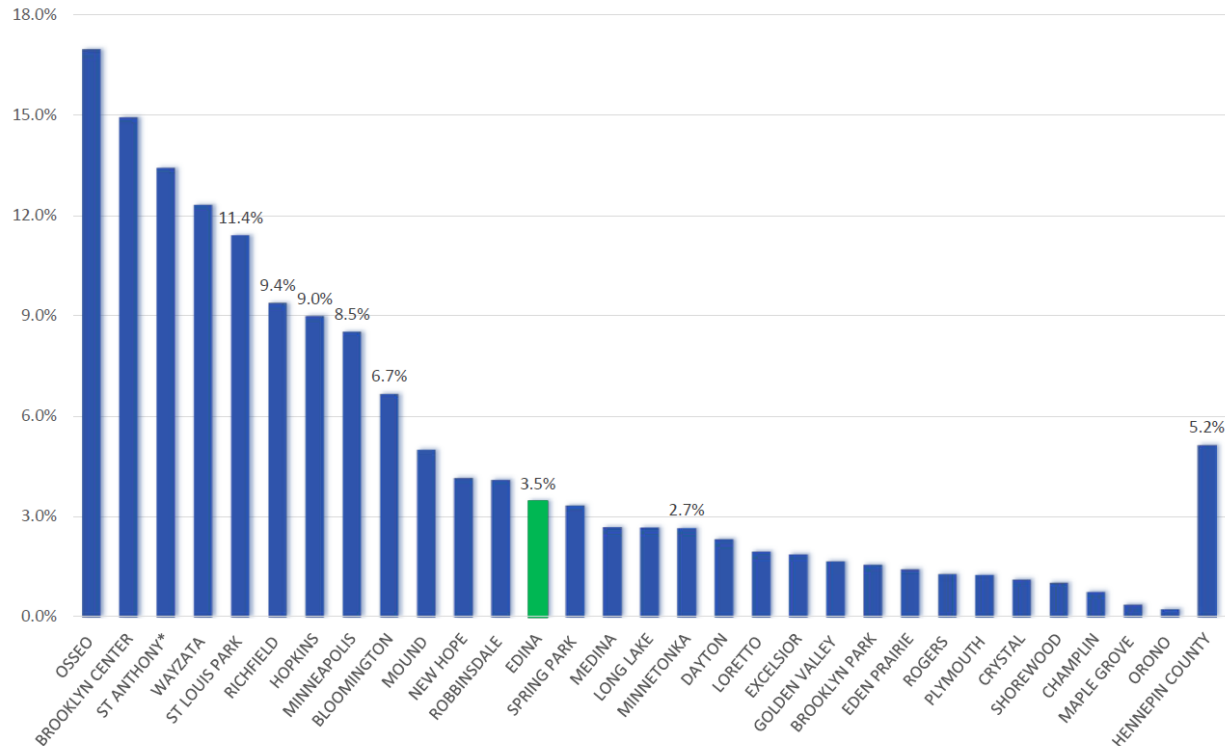


TIF in Edina vs. Neighbors



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Percent of Property Tax Capacity Retained in TIF Districts - Pay 2019

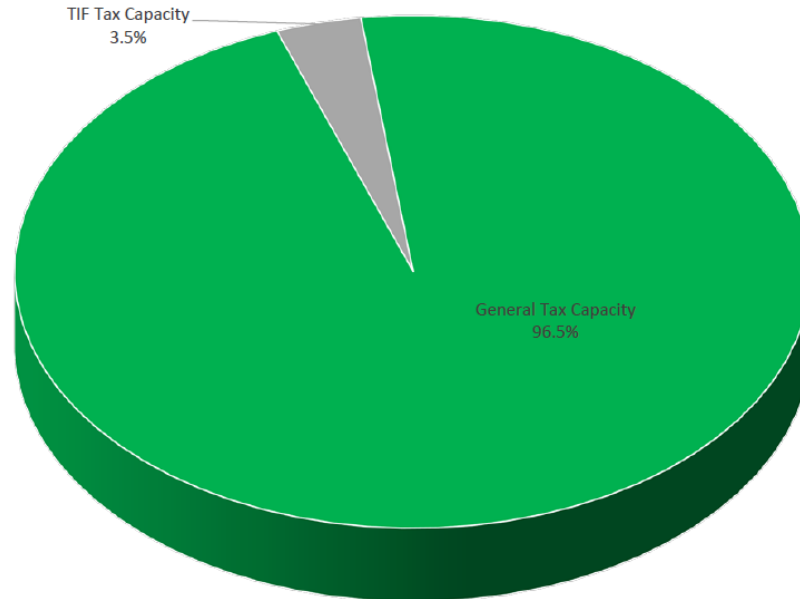


TIF as Percentage of Property Tax Capacity



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City of Edina
Property Tax Capacity
(\$151,279,391 for Pay 2019)





Considerations

- Affordability must remain for at least 25 years
TIF assistance provisions executed at time of transfer. Proposed developments will have a 40-year affordability period.
- Amundson Plan: Proposed TIF Plan's Budget retains use of project's tax increment: \$1.15 MM funding capacity for affordable housing costs:
 - Potential for public/private partnership to address additional site costs supporting the affordable housing,
 - Project TIF as a tool in case of shortfall in Tax Credit award or additional site/development costs, or
 - Potential to fund additional affordable housing needs



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Questions / Discussion